

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1026-01
Bill No.: HB 341
Subject: Disabilities; Insurance - Medical
Type: Original
Date: February 9, 2001

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON STATE FUNDS | | | |
|---|--|-----------------------------|-----------------------------|
| FUND AFFECTED | FY 2002 | FY 2003 | FY 2004 |
| Insurance Dedicated | \$10,000 | \$0 | \$0 |
| Highway | \$0 to (\$1,461,600) | \$0 to (\$1,753,920) | \$0 to (\$1,753,920) |
| Conservation | (Less than \$100,000) | (Less than \$100,000) | (Less than \$100,000) |
| Total Estimated Net Effect on <u>All</u> State Funds | (LESS THAN \$90,000 TO \$1,551,600) | \$0 TO (\$1,853,920) | \$0 TO (\$1,853,920) |

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2002 | FY 2003 | FY 2004 |
| None | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|------------|------------|------------|
| FUND AFFECTED | FY 2002 | FY 2003 | FY 2004 |
| Local Government | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services** assume this proposal would not fiscally impact their agency.

Department of Conservation (MDC) officials state the proposal would have fiscal impact on MDC funds because of the increase in health insurance claims. MDC assumes the fiscal impact to be less than \$100,000 annually.

Officials from the **Department of Insurance (INS)** state that insurers would be required to amend contracts of coverage in order to comply with the proposal. Amendments to contracts for coverage must be filed with INS. INS states they anticipate that current appropriations and staff would be able to absorb the work for implementation of this single proposal. However, if additional proposals are approved during the legislative session, the department would need to request additional staff to handle the increase in workload. INS estimates 171 insurers and 29 HMOs would be required to file at least one amendment to their policy form to comply with the proposal resulting in revenue of \$10,000. If multiple proposals pass during the legislative session which require policy form amendments to be filed, the insurers would probably file one amendment for all required mandates. This would result in increased revenue of \$10,000 for all proposals.

The **Department of Transportation (DHT)** officials state the Highway and Patrol Medical Plan does not currently cover hearing aids, therefore, this proposal would have a fiscal impact to the Medical Plan. DHT states that according to the Better Hearing Institute's internet web page, about 10 percent of the population have hearing impairments and 95 percent of those individuals can correct hearing loss with hearing aids. DHT currently has 18,320 participants and the Patrol currently has 6,109 participants in the Medical Plan. The price range on hearing aids varies dramatically. DHT states they were quoted prices for hearing devices that United Healthcare participants would be able to receive. The prices quoted are as follows: Full shell in the ear device - \$600 max, Canal Style - \$700 max, Behind the ear - \$725 max and Programmable - \$1,000 max. The averaged cost of these four different devices is approximately \$756. DHT assumes that the participants would have met their deductible and maximum out of pocket expenses and the Medical Plan would be covering the hearing aids at 100 percent, ten percent of DHT's participants = 1,832 that would suffer hearing loss and 95 percent of those would be able to correct hearing loss with hearing aids ($1,832 \times .95 = 1,740$). DHT states the total fiscal impact due to DHT participants would be approximately \$1,315,440 ($1,740 \times \756). Ten percent of Patrol's participants = 611 that would suffer hearing loss and 95 percent of those would be able to correct hearing loss with hearing aids ($611 \times .95 = 580$). The total fiscal impact due to Patrol participants would be approximately \$438,480 ($580 \times \756). The total fiscal impact to the Medical Plan would be \$1,753,920 ($\$1,315,440 + \$438,480$).

ASSUMPTION (continued)

Oversight assumes a range of \$0 to (\$1,753,920) to reflect the unknown cost of increased employee contributions, costs being absorbed, or some combination.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state their current contracts provide coverage for annual hearing exams, bilateral hearing aids every two years, augmentative hearing devices when medically necessary, and speech therapy. HCP assumes this proposal would not fiscally impact their agency.

Department of Public Safety - Missouri State Highway Patrol (MHP) officials did not respond to our fiscal impact request.

| | | | |
|---|---------------------|---------|---------|
| <u>FISCAL IMPACT - State Government</u> | FY 2002 (10 Mo.) | FY 2003 | FY 2004 |
|---|---------------------|---------|---------|

INSURANCE DEDICATED FUND

| | | | |
|---|-----------------|------------|------------|
| <u>Income - Department of Insurance</u> | | | |
| Form filing fees | <u>\$10,000</u> | <u>\$0</u> | <u>\$0</u> |

| | | | |
|---|------------------------|-------------------|-------------------|
| ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND | <u>\$10,000</u> | <u>\$0</u> | <u>\$0</u> |
|---|------------------------|-------------------|-------------------|

HIGHWAY FUND

| | | | |
|---|-------------------------|-------------------------|-------------------------|
| <u>Costs - Department of Transportation</u> | | | |
| Increased state contributions | \$0 to (\$1,096,200) | \$0 to (\$1,315,440) | \$0 to (\$1,315,440) |

| | | | |
|--|---------------------------|---------------------------|---------------------------|
| <u>Costs - Department of Public Safety - Missouri State Highway Patrol</u> | | | |
| Increased state contributions | <u>\$0 to (\$365,400)</u> | <u>\$0 to (\$438,480)</u> | <u>\$0 to (\$438,480)</u> |

| | | | |
|---|--|--|--|
| ESTIMATED NET EFFECT ON HIGHWAY FUND | <u>\$0 TO (\$1,461,600)</u> | <u>\$0 TO (\$1,753,920)</u> | <u>\$0 TO (\$1,753,920)</u> |
|---|--|--|--|

CONSERVATION FUND

MW:LR:OD (12/00)

| | | | |
|---|---------------------|---------|---------|
| <u>FISCAL IMPACT - State Government</u> | FY 2002 (10 Mo.) | FY 2003 | FY 2004 |
|---|---------------------|---------|---------|

| | | | |
|---|--|--|--|
| <u>Costs - Department of Conservation</u> | | | |
| Increased state contributions | <u>(Less than</u> <u>\$100,000)</u> | <u>(Less than</u> <u>\$100,000)</u> | <u>(Less than</u> <u>\$100,000)</u> |

| | | | |
|--|--|--|--|
| ESTIMATED NET EFFECT ON CONSERVATION FUND | <u>(LESS THAN</u> <u>\$100,000)</u> | <u>(LESS THAN</u> <u>\$100,000)</u> | <u>(LESS THAN</u> <u>\$100,000)</u> |
|--|--|--|--|

| | | | |
|---|---------------------|-------------------|-------------------|
| <u>FISCAL IMPACT - Local Government</u> | FY 2002 (10 Mo.) | FY 2003 | FY 2004 |
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal would require health insurance entities to provide coverage for hearing aids.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

MW:LR:OD (12/00)

Department of Transportation
Department of Social Services
Missouri Consolidated Health Care Plan
Department of Insurance
Department of Conservation

NOT RESPONDING: Department of Public Safety - Missouri State Highway Patrol

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large, circular initial "J" and a long, sweeping horizontal stroke at the end.

Jeanne Jarrett, CPA
Director

February 9, 2001